

Kentucky Agricultural Development Board

Minutes of the November 17-18, 2005 Board Meeting & Annual Planning Session

The Annual Planning Meeting of the Kentucky Agricultural Development Board was held on **Thursday, November 17, 2005 at 9:00 a.m. EST**, in the Kentucky Room at General Butler State Resort Park in Carrollton. Commissioner Richie Farmer, presiding, called the meeting to order, and the Secretary called the roll.

Roll Call

Members Present

Donna Amburgey; H. H. Barlow; John Cleaver; Rodney Dick; Commissioner Richie Farmer; Dennis Griffin; Wayne Hunt; Sam Lawson; Jim Mahan; Sam Moore; Dean M. Scott Smith (Jimmy Henning, designee); Secretary Gene Strong (Don Goodin, designee)

Members Absent

Vickie Yates Brown; Daniel Case; Governor Ernie Fletcher

Others Present

Staff - Catherine Ball; Angela Blank; Brian Furnish; Sandy Gardner; Tim Hughes; Maggie May; Bill McCloskey; Keith Rogers; Nick Whobrey; Jessica Woolums; Stephen Yates

Guests – Angela Caporelli, KY Department of Agriculture (KDA); Michael Judge, KDA; Beth Tillery, Community Farm Alliance (CFA); Dr. Will Snell, UK Dept. of Agricultural Economics; Tony Herrington, CFA; Dave Loney, CFA; Kelly Ludwig, KDA; Tod Griffin, Agribusiness Association of KY; Dr. James Tidwell, KY Aquaculture Association/ KSU; Jon Bell, KY Horticulture Council; Richard Van Sickle, KY Sheep & Wool Producers; Kathy Meyers, KY Sheep & Wool Producers; Steve Coleman, KY Association of Conservation Districts; Mac Stone, KDA; Bob Bauer, KY Forest Industries Association; Joe Ball, KY Woodland Owners Association (KWOA); Chauncey Morris, KY Thoroughbred Owners & Breeders; Berea Ernst, CFA; Robert Amburgey; Bonnie S. Cecil, CFA; John Sharpe, CFA; Daniel Green, Burley Tobacco Growers Cooperative Association; Dewayne Ingram, UK Dept. of Horticulture; Kevin Jeffries, KY Associate of Conservation Districts; Billy Thomas, KY Division. of Forestry; Rick Alexander, Commodity Growers Cooperative; Robert Tindall, KWOA; Greg Kuhns, KWOA; Jeff Stringer, KWOA/UK; Lyndie Hughes, KY Poultry Federation (KPF); Adrian Arnold, State Representative; Melissa Miller, KPF; Doug Muaren, UK; Ray Bowman, KY Goat Producers Association; Debbie Ellis, KY Soybean Board; Dean Wallace, Council for Burley Tobacco; Roger Thomas, KY Dairy Development Council (KDDC); Jim Sidebottom, KDDC; Mike Ovesen, KY Pork Producers Association; Larry Snell, KY Center for Cooperative Development; Dave Maples, KY Cattlemen's Association (KCA); Jim Akers, UK / KY Beef Network; Tom McKee, State Representative; Jeff Harper, KY Farm Bureau

Notification of Media

Commissioner Farmer received verification from Keith L. Rogers, Chief Executive Officer, that the media had received notice regarding the Agricultural Development Board annual planning meeting.

Welcome

Commissioner Farmer welcomed everyone to General Butler State Park and thanked everyone for taking time to attend the two-day planning session. Commissioner Farmer yielded the floor to Keith Rogers for the introduction of the speakers.

Update on Economic State of Kentucky Agriculture

Dr. Will Snell, UK Department of Agricultural Economics, provided an overview of the current state of Kentucky's agriculture economy, including cash receipts, net farm income, exports, farm statistics, and a review of tobacco industry changes. [*Copy of presentation on-file.*]

Agriculture & Commodity Group Presentations

Commodity groups answered three questions posed by the Agricultural Development Board:

1. What benefits has your industry experienced as a direct result of funding from the Agricultural Development Fund? (Benefits)
2. Identify one goal that has been established by your industry that is to be reached within the next five years. How can the Agricultural Development Board help you achieve this goal? (Goal)
3. Identify one marketing/technological trend that your industry has identified that will result in increased demand and producer profits. How can the Agricultural Development Board help your industry take advantage of this trend? (Trend)

Bullets detailing their answers are listed under each presentation.

Dave Loney, Beth Tillery, and Tony Herrington presented for **Community Farm Alliance**. Mr. Loney began the presentation, provided background on the organization, and shared the organization's view of investments made with the Agricultural Development Fund (ADF). Beth Tillery shared the organization's view on local independent food economies. Ms. Tillery shared the organization's two marketing goals: farm to cafeteria; building markets in urban centers. Ms. Tillery reviewed infrastructure needs of farmers, especially those with smaller farms.

Tony Herrington talked about building markets for smaller producers to receive larger profits, and integrating into the healthy foods system, as well as institutional buying (e.g. schools, hospitals).

Kelly Ludwig, Agri-tourism Coordinator at the Kentucky Department of Agriculture, presented for the **Agri-tourism** industry. Ms. Ludwig reviewed the definition of agri-tourism and the status of Kentucky's agri-tourism industry. [*Copy of presentation on-file.*]

- Benefits: Division Director's position established in partnership with the Tourism Department; lots of press [*sample of releases given to the Board*]; regional agri-tourism associations; 20 agri-tourism project have received over \$754,000.
- Goal: promote Kentucky's agri-tourism industry to potential visitors, both national and international; assist in sustaining the viability and growth of the agri-tourism industry in Kentucky.
- Trend: agri-tourism marketing study will take an inventory of the industry in the state and will provide estimated economic impact, survey states for best practices, recommendations for infrastructure, and recommendations for best strategy for marketing Kentucky agri-tourism. This study should be available in January 2006. The Board can help this industry by assisting in implementing the recommendations from the marketing study.

James Tidwell, Kentucky Aquaculture Association, presented for the **Aquaculture** industry. [*Copy of presentation and brochure on-file.*]

- Benefits: large multi-species processing plant in Western Kentucky; support of regional processing (Gone Fishin'); multi-species finfish hatchery (Aquaculture of Kentucky); freshwater prawn hatchery; value-added products (e.g. Shuckman's)
- Trend: unique product forms that will not be addressed by imports or large domestic firms (e.g. mercury-free, organic)
- Goal: a coordinated long-term (>5 years) support to fill in the missing components in the production, processing, distribution, marketing. Need collection, consolidation, pick-up facilities for small volume producers; production ponds; feed mills for specialty feeds for the variety of species

John Bell, President of the Kentucky Horticulture Council, presented for the **Horticulture** industry.

- Benefits: agricultural diversification program, farmers' market & agri –tourism competitive programs, education (production & marketing) and research; support so that Kentucky farmers could take advantage of an opportunity that may have been overlooked in the past
- Trend: nursery and floral markets expanding; farm gate sales of fruit/vegetable/nursery greenhouse crops has increased, second to only North Carolina; market trends and production practices change constantly, especially with the wide variety of products covered by horticulture
- Goal: to become a sustainable industry without need for assistance from ADB or Horticulture Council; the Horticulture Council needs financial support in the short-term to continue its work (education and research), while in the long-run they will receive support from other sources.

Kathy Meyers, Kentucky Sheep & Wool Producers, presented for the **Sheep & Wool** industry.

- Benefit: agricultural diversification program
- Trend: ewes in KY have increased 21,000 to 37,000 between 2001 – 2005; if large packers not attracted, then left to the pin-hookers; ethnic trend is the largest trend, which slaughters smaller lambs (~75 lbs) than what older producers are used to
- Goal: need more lambs produced in Kentucky; need model programs to not be so restrictive on type of livestock that can benefit; support anything that educates producers on ethnic trends and how to work with that trade environment; guidance on how to help those who have fell through the cracks with the programs

Steve Coleman, Director of the KY Association of Conservation Districts, presented for the **Kentucky Association of Conservation Districts** (KACD). Mr. Coleman reviewed the high points of a report he provided the Board. [*Copy on file.*]

Mr. Coleman reviewed the grant programs available to farms and forest operations. Mr. Coleman reviewed how the environmental stewardship funds from state Agricultural Development Fund are benefiting Kentucky.

Mr. Coleman yielded the floor to Kevin Jeffries, President of KACD, who shared how the Conservation Districts implement programs, including the ADF model cost-share programs.

Tod Griffin, Executive Director, presented for the **Agribusiness Association of Kentucky**. Mr. Griffin reviewed background, makeup of the organization, and their focus areas.

- Benefits: increased sales in cattle equipment and farm supplies (fencing) but only offsets a portion of the loss due to decline in tobacco (~1/3); ADB has raised the bar for KY producers; capitol investment
- Trend: education in using new technologies, marketing, and business practices are crucial to keeping KY agriculture competitive
- Goal: young farmers – decrease barriers to entry – challenge (look at slide); are the restrictions too much for the part-time farmers.

Joe Ball, Executive Director of the KY Woodland Owners Association, presented for the **Forestry/Timber** industry. Bob Bauer, KY Forest Industries Association, provided an introduction for the presentation and gave background on his association; he then turned the presentation over to Mr. Ball.

- Benefits: county level model timber program – production, utilization, marketing; several forest industry projects
- Goal: to connect with forestland owners, and to have better market information available; need seed money for an executive director, as well as education & outreach efforts; need money for KY Market News (USDA) to collect log and other forest product prices and report them through regular channels; need wood utilization research
- Trend: change the current model program – “one pass practice”

David Switzer and Chauncey Morris, KY Thoroughbred Owners & Breeders Association, and presented for the **Equine** industry.

- Benefit: Mare Reproductive Loss Syndrome (MRLS) studies
- Goals: to produce management techniques to limit future problems and correct future problems from MRLS
- Trend: the market trend is globalization (increasing sales to Mexico, Chile, and W. Canada)

Ray Bowman, President of the Kentucky Goat Producers, presented for the **Goat** industry. Mr. Bowman provided background on Kentucky's goat industry.

- Benefits: goat diversification program has helped tremendously in the transition of some farmers from tobacco
- Goals: since the industry is “growing up,” looking to open an office with a full-time staff to cover goat & sheep issues and promote both; this could be an area of need for assistance from the Board once there's a better picture of what they would like to do

- Trend: greater demand than supply of fresh meat available; growing proportion of ethnic groups, which is propelling the sale of goat meat in the U.S.; teaching the American consumer that goat meat is good meat – health-wise and taste-wise

Melissa Miller, Executive Director of the KY Poultry Federation, presented for the **Poultry** industry. Ms. Miller provided background and an update of Kentucky's poultry industry. [*Copy of presentation on-file.*]

- Benefits: only alternative poultry production, not commercial; recently some commercial operations have begun to use KAFC as a resource for expansion
- Goals: to keep H5N1 strain of avian flu out of the U.S. (biosecurity); need the board match the \$102,000 for the Indemnity Fund to assist small flock owners who have a disease outbreak and need to destroy their flock
- Trend: energy conservation and alternative marketing for poultry litter are two trends; Board could provide financial support in both areas for technological enhancements; also need funds in promoting the positive impacts of poultry in KY, as well as upgrades to equipment; education on avian influenza

Daniel Green, Burley Tobacco Growers Cooperative (BTGC), and Dean Wallace, Council for Burley Tobacco, presented for the **Tobacco** industry. [*Copy of presentation on-file.*] Mr. Green reviewed the background of BTGC. Mr. Wallace shared current estimates for tobacco production.

- Benefit: preference given to tobacco dependent farmers
- Goal: to assist in transition to a buyout economy by providing cost-share for infrastructure
- Trend: use may decrease, but may rebound and increase slightly each year; the Board can encourage diversification, but don't prevent tobacco projects from coming forth with what is left when other programs are done in a county

Debbie Ellis, Executive Director of the KY Soybean Association, presented for the **Soybean** industry. [*A copy of the presentation is on-file.*]

- Benefits: feasibility study for KY Specialty Grain facility; feasibility studies for various bio-diesel facilities; all livestock project funded
- Goals: work with government for procurement of bio-based products; increase awareness of soyfoods; promote soyfood facility establishment in KY; membership goal set at 1025; extend the availability of bio-diesel throughout KY; the ADB can contribute by continuing to help fund projects related bio-diesel facilities and production
- Trend: increase in the amount of bio-diesel produced in the U.S., as well as the number of plants coming on-line

Sam Moore, President, presented for **Kentucky Farm Bureau Federation (KFB)**. Mr. Moore explained Farm Bureau's position to not apply directly for funding when the Agricultural Development Board was created; however, many county Farm Bureaus are administering the county model programs for producers in their respective counties.

Mr. Moore shared the efforts of KFB to maintain the Agricultural Development Fund. The Board, staff, and agriculture community needs to continue to thank and give credit to the General Assembly for the efforts they have put forth for agriculture.

Mr. Moore shared experiences where he has witnessed farmer benefit from investments of the Agricultural Development Fund.

Todd Barlow, Executive Director of both KY Corn Growers & KY Small Grain Growers, presented for the **Corn / Small Grains** industry. Mr. Barlow provided an overview of the corn industry in the U.S. and in Kentucky. [*Copy of presentation on-file.*]

- Benefits: livestock programs increased market for corn; Commonwealth Agri-Energy investments (8 Mbu of locally grown corn, 24 million gallons of ethanol in 2004); Siemer Milling to handle waste wheat; hay, straw, & commodity storage program
- Goals: long term animal agriculture stability; sustain and grow number of livestock within the state; maintain and grow markets; foster the formation of cooperative business ventures.
- Trend: last 8 year, avg. KY corn prices have been 5-15% higher than the U.S. average; renewable energy sources; other renewable resources; consumer health

Roger Thomas, KY Dairy Development Council (KDDC), presented for the **Dairy** industry. Mr. Thomas announced that the KDDC board would be meeting at the end of the month to establish their long-term plan. Mr. Thomas provided background information on KDDC's recent efforts, as a new organization.

- Benefits: Southeast Dairy Compact investment resulted in MILC payments; dairy diversification program has allowed producers to upgrade and expand; the Kentucky Dairy Development Council has allowed the industry to organize itself
- Goal: to raise the production per cow by 10%; need programs that will encourage the use of the latest technologies
- Trend: increased reliance on raw milk being hauled in – this needs to be reversed; need Board and other help to reverse this; do not want to be penalized because not prepared today with a specific request – would like the opportunity to come back before again at a later date

Mike Ovesen, President of the KY Pork Producers Association, presented for the **Pork** industry. Mr. Ovesen provided a background on the pork industry.

- Benefits: number of producers have participated in swine diversification programs; Little KY Smokehouse has added value to KY pork product and has provided premiums to Kentucky hog farmers; PIC along with Extension has provided expertise in education of farmers for production
- Goal: to expand production and maintain profitability – produce 1.45 million market hogs; the Board can help by providing access to affordable financing (low interest loans)
- Trend: larger scope and more specialized;

Dave Maples and Jim Akers, KY Cattlemen's Association, presented for the **Beef** industry. [A copy of the presentation is on-file.]

- Benefits: cattle genetics (\$10 million, 12,396 bulls); cattle handling; forage improvement; fencing improvement; on-farm water; Kentucky Beef Network; Market Infrastructure – all has influenced a mindset change in producers
- Goal: for Kentucky to be the premier feeder calf state in the country; the Board can help by continuing the grass roots program like genetics, handling, and forage programs; educational programs (CPH-45, Master Cattlemen's, BQA, Master Grazer), marketing/promotion and support efforts; and technology programs that deal with Animal ID
- Trend: source and age verified calves; EID; the ADB can help by continuing national advertising/cattle marketing, beta test for the national Animal ID; the industry is changing rapidly and KY needs to be out front; encourage 4-H, FFA, Jr. Cattlemen projects, as well as business education

The Board recessed at 5:36 p.m.

The Annual Planning Meeting of the Kentucky Agricultural Development Board reconvened on **Friday, November 18, 2005** at **8:35 a.m. EST**, in the Kentucky Room at General Butler State Resort Park in Carrollton. Commissioner Richie Farmer, presiding, called the meeting to order, and the Secretary called the roll.

Roll Call

Members Present

Donna Amburgey; H. H. Barlow; Daniel Case; John Cleaver; Rodney Dick; Commissioner Richie Farmer; Dennis Griffin; Wayne Hunt; Sam Lawson; Jim Mahan; Sam Moore; Dean M. Scott Smith; Secretary Gene Strong (Don Goodin, designee)

Members Absent

Vickie Yates Brown; Governor Ernie Fletcher

Others Present

Staff - Catherine Ball; Angela Blank; Brian Furnish; Sandy Gardner; Bill Hearn; Tim Hughes; Maggie May; Bill McCloskey; Brad Nelson; Nicole Ray; Keith Rogers; Nick Whobrey; Jessica Woolums; Stephen Yates

Guests – Larry Snell, KY Center for Cooperative Development; Lowell Atchley, Legislative Research Commission; Berea Ernst, Community Farm Alliance; Tod Griffin, Agribusiness Association of KY; Dr. Rick Maurer, UK Community & Leadership Development; Rick Alexander, Commodity Growers Cooperative; Bruce Metzger, KY Community & Technical College System (KCTCS); Dennis N. Perry, KCTCS

Mr. Rogers reviewed the agenda for the day.

Kentucky's Long Term Plan: Review & Discussion

Keith L. Rogers, Executive Director, led the review and discussion of *Kentucky's Long-term Plan for Agricultural Development*. Mr. Rogers reviewed slides summarizing points from the long-term plan, as well as examples of how the Board has supported each priority. [A copy of presentation on-file.] The Board discussed issues pointed out in each section of the plan.

Mr. Rogers expanded on the status of KAFC and the progress that is has made with each of its programs.

“Guiding Principles for Board Action”: Review & Discussion

Dr. Rick Maurer, UK Community & Leadership Development, moderated discussion of the Board’s “Guiding Principles for Board Action.”

Dr. Maurer reviewed the ground rules for the discussion and the compiled results of a survey each Board member filled out, asking each member to assign an action to each of the guiding principles: Keep, Modify, Delete, or Unsure. [Numbers below refer to how each principle is currently listed.]

Dean Scott Smith moved that **principle #11** be amended as follows:

~~“Counties should be encouraged during the planning process to consider plans that generally~~ follow the following investment philosophy:...”

H.H. Barlow seconded the motion. The motion passed without dissent.

Dennis Griffin moved to **keep principle #14**, as is; Rodney Dick seconded the motion. The motion passed without dissent.

Mr. Griffin moved to **keep principle #10**, as is; Mr. Barlow seconded the motion. The motion passed without dissent.

John Cleaver moved to **keep principle #3**, as is; Jim Mahan seconded the motion. The motion passed without dissent.

Sam Moore moved that **principle #17** be amended as follows:

The Board will consider proposals to enhance existing farm enterprises ~~products~~, the production of new farm products, and expansion of existing markets.

Danny Case seconded the motion. The motion passed without dissent.

Mr. Barlow moved to **delete principles #18 & 19** in their entirety; Mr. Dick seconded the motion. The motion passed without dissent.

The Board agreed by acclimation to revisit principle #17 for wording changes.

Mr. Mahan moved to **change principle #17** to the following:

The Board will consider proposals to enhance existing farm enterprises, the production of new farm products, the development of new markets, and expansion of existing markets, and any other areas identified by a member or members of the Board, as having potential growth.

Mr. Cleaver seconded the motion. The motion passed without dissent.

Mr. Case moved to **delete principle #20**; Dean Smith seconded the motion. The motion passed without dissent.

Dean Smith moved to **change principle #21** to the following:

~~“The Board should define as a priority its commitment to support the work of the agricultural entrepreneurship program and the Cooperative Development Center in their provision of financial support for~~

~~technical feasibility assistance. This commitment should include staffing, operations, and matching funds for technical feasibility studies to the development of agriculture businesses and agricultural entrepreneurship, including continuing support of the Kentucky Center for Agriculture and Rural Economic Development.~~"

Mr. Dick seconded the motion. The motion passed without dissent.

Mr. Lawson moved the following language for a **new priority** to follow the previously approved priority:

"The Board should define as a priority the development of agriculture businesses and agricultural entrepreneurship, including support of agricultural entrepreneurship programs, as stipulated by KRS 248.717."

Ms. Amburgey seconded the motion.

Mr. Lawson moved to **delete principle #13**; Mr. Goodin seconded the motion. The motion passed without dissent.

Mr. Case moved to **combine principles #1 & #2** into the following:

~~1. The Board can expect to receive approximately \$60 million per year for the foreseeable future. Therefore, The Board must view its options and actions over the long run and~~ 2. The Board cannot solve all the problems or take advantage of all opportunities presented to it at once.

Mr. Dick seconded the motion. The motion passed without dissent.

Mr. Dick moved to **keep principle #9**, as is; Mr. Case seconded the motion. The motion passed without dissent.

Wayne Hunt moved to **keep principle #7**, as is; Mr. Cleaver seconded the motion. The motion passed without dissent.

Mr. Case moved to **keep principle #4**, as is; Mr. Cleaver seconded the motion. The motion passed without dissent.

Mr. Hunt moved to **combine principles #5 & #6** into the following:

5. Pilot programs should be large enough to be commercially viable. The emphasis must be on doing what we do well and ~~6. This may mean that pilot programs will be limited to a certain geographical area of the state, until they are proven viable, and then expanded to all the state as funds become available.~~

Mr. Case seconded the motion. The motion passed without dissent.

Mr. Case moved to **delete principle #12**; Mr. Cleaver seconded the motion. The motion passed without dissent.

Mr. Griffin moved to **combine principles #15 & #16** as follows:

15. The Board prefers capital investments. However, ~~the Board will consider temporarily subsidizing operating costs provided the business plan provides for the phase out of the subsidy.~~ 16. The Board it is believeds that processing, storing, and marketing new products is the area where the farmer needs a substantial amount of help on a start-up

basis, but business plans must provide for the eventual elimination of assistance in these areas.

Ms. Amburgey seconded the motion. The motion passed without dissent.

The Board recessed for lunch at 12:15 p.m.

The Board reconvened at 1:15 p.m.

Dr. Maurer reviewed the "Guiding Principle" revisions that were made.

Dean Smith moved to remove "Counties" from **principle #9 (formerly #11 above)** and replacing it with "Kentucky" and **moving this principle from #9 to #1**; Mr. Barlow seconded. The motion passed without dissent.

Mr. Case moved to add a **new principle**:

"The Board will seek programs to enhance the viability of young farmers and part-time farmers in agriculture;"

Mr. Dick seconded the motion. The motion passed without dissent.

Mr. Lawson suggested language to add at the beginning of the preamble of the Guiding Principles.

"The Board is committed to the goals and priorities of *Kentucky's Long-term Plan for Agricultural Development*. Projects and programs that advance these goals and priorities will be its top priority."

Mr. Barlow moved to accept Mr. Lawson's suggested language above for the beginning of the preamble; Mr. Cleaver seconded. The motion passed without dissent.

Mr. Cleaver moved to adopt the revised "Guiding Principles" in their entirety; Mr. Dick seconded the motion. The motion passed without dissent. *[A copy of the final revision is on-file.]*

Policy Review Committee's Report

Brian Furnish, Deputy Director, presented the Policy Review Committee's report. Each policy was approved separately, as detailed below. *[A copy of the recommendations/revisions are on-file.]*

Agricultural Development Fund Applications shall expire one year from the date received by the Governor's Office of Agricultural Policy. All applications currently in the Governor's Office of Agricultural Policy shall expire twelve months from the date of receipt or on April 1, 2006, whichever is later. When the application expires, County Commitments also expire; thus, all aspects of the application expired at the same time.

Mr. Case moved to accept the committee's recommendation, as stated above; Mr. Hunt seconded the motion. The motion passed without dissent.

All Applicants for state Agricultural Development Funds shall be registered with the Secretary of State prior to submitting an application and must be in good standing prior to receiving funds.

Mr. Griffin moved to accept the committee's recommendation, as stated above; Ms. Amburgey seconded the motion. The motion passed without dissent.

A new category for Board consideration is established for applications as chosen by the Executive Director. This status shall be titled "Deferred." In this category a project may be discussed at a board meeting, but no action may be taken. This category will be added to the current staff recommendation categories of "Funding," "No Funding," and "Pending." While applications in the "Pending" category may be brought for a vote, applications in the "Deferred" category may not be brought for a vote.

Mr. Case moved to accept the committee's recommendation, as state above; Mr. Hunt seconded the motion. There was discussion. The question was called, and the motion passed without dissent.

A Recipient Review Committee shall be established to follow-up on the progress of certain recipients of Agricultural Development funds and to act as an advisor for future activities related to the use of Agricultural Development funds for that particular recipient.

Recipients who desire, or are required, to report to the Recipient Review Committee will be notified of the requirement before entering their legal agreement.

The Recipient Review Committee shall be comprised of the Executive Director and three Agricultural Development Board members. The Recipient Review Committee shall meet as needed; however, it shall not meet more than quarterly.

Mr. Dick moved to accept the committee's recommendation, as stated above; Mr. Mahan seconded the motion. There was discussion. The question was called, and the motion passed without dissent.

For all forgivable loans, or any other loan entered into by a Recipient and the Agricultural Development Board, Guarantee(s) shall be executed by any owner with a twenty percent (20%) or greater interest in the entity.

If a forgivable loan is for an amount less than \$25,000, then the Agricultural Development Board will take a lien on equipment purchased with ADB funds and/or other security as deemed appropriate by the Executive Director.

If a forgivable loan or other loan is for an amount over \$25,000, then the standard security agreement and/or additional security as deemed appropriate by the Executive Director shall be used.

Mr. Moore moved to accept the committee's recommendation; Mr. Lawson seconded the motion. The motion passed without dissent.

The Agricultural Development Board and/or Governor's Office of Agricultural Policy staff may direct all applicants for state Agriculture Development Funds, who have previously received state funding from the Agricultural Development Board, to the Kentucky Agricultural Finance Corporation.

The Agricultural Development Board and/or Governor's Office of Agricultural Policy staff may direct any applicant to the Kentucky Agricultural Finance Corporation when the project has hard capital needs such as building and permanent equipment to process Kentucky agricultural products.

Mr. Lawson moved to accept the committee's recommendation; Mr. Cleaver seconded the motion. There was discussion. The question was called, and the motion passed without dissent.

Mr. Furnish presented the Policy Committee's suggested revisions to the **Competitive Awards Programs: Agri-tourism and Farmers' Markets.**

*The **Agri-tourism** program shall have one million dollars (\$1,000,000.00) allotted to be disburse in two cycles. The first application deadline shall be February 1, 2006 and the second shall be August 1, 2006.*

A Recipient of Agri-Tourism funds may not apply for Agri-Tourism funds for five (5) years, including the 2005 recipients of Agri-tourism funds.

Recipients of Agri-Tourism funds must provide documentation of prior tobacco dependency, excluding regional groups.

Forgiveness for existing Agri-Tourism entities must have a baseline for their forgiveness structure. Due to the diverse nature of the Agri-Tourism applications, the Project Analyst and Applicant shall work together to determine the baseline for the individual project prior to Board approval.

Mr. Lawson moved to accept the committee's recommendation for the Agri-tourism Competitive Awards Program with one amendment, changing the requirement that the applicant be tobacco dependent to the applicant will receive up to 10 extra points for demonstrated tobacco dependency; Mr. Barlow seconded the motion. There was discussion. The question was called, and the motion passed without dissent.

*The 2006 **Farmers' Market** Competitive Program shall have 2 million dollars (\$2,000,000.00) allotted to disburse in two funding cycles. The first application deadline shall be April 1, 2006 and the second shall be September 1, 2006. In 2006, the following structure will be in effect:*

- 25% Regional Farmer's Markets (\$500,000.00)*
- 65% Community Farmer's Markets (\$1,300,000.00)*
- 10% Feasibility/Business Planning (\$200,000.00)*

Mr. Griffin moved to accept the committee's recommendation for the Farmers' Market Competitive Awards Program; Mr. Case seconded the motion. The motion passed without dissent.

November Business Meeting

Approval of Minutes

The minutes of the October 21, 2005 meeting were approved as presented.

Old Business

No old business was discussed.

New Business

Referral of December Projects¹

Mr. Rogers presented projects A2005-0554 to A2005-0596 for referral to the Board's December meeting for review. Mr. Case moved that projects A2005-0554 to A2005-0596 be referred for December review; Mr. Dick seconded the motion. The motion passed without dissent.

Approval of Model Programs²

Commissioner Farmer submitted projects requesting funds for county model programs. Mr. Case moved the said applications be approved for the named model programs; Mr. Dick seconded the motion. The motion passed without dissent.

Requested Amendments³

Mr. Rogers presented 8 requested amendments for approval. Mr. Cleaver moved that said amendments be approved; Mr. Mahan seconded the motion. The motion passed without dissent.

Mr. Rogers presented an emergency request from the **Kentucky Beef Network (KBN)** to amend their Market Development Project for infrastructure and animal ID. Mr. Rogers yielded the floor to Dave Maples, KY Cattlemen's Association, for discussion of his request. Mr. Maples explained the requested change to the members. [*Copy of the request is on-file.*]

KBN is requesting the flexibility within the Market Development Fund (A2003-0480) to cost-share with the national consortium to provide an environment for the beta test to occur...up to \$250,000 matched with industry organizations and the private sector...not to exceed 50% of the total amount required to complete the beta test and bring Private National Animal Movement Repository to live operation.

Mr. Lawson moved to approve the Kentucky Beef Network's request, as stated above, with the GOAP Executive Director negotiating details with KBN; Mr. Dick seconded the motion. The motion passed without dissent.

Recommendations for Funding

Stephen Yates presented **A2005-0542, Kentucky Community and Technical Colleges System (KCTCS)**. KCTCS requests \$182,500 of state funds for expansion of their "Computers for

¹ A detailed list of the referred projects is attached as Appendix A.

² A detailed list of projects funded under each model program category is attached as Appendix B.

³ A detailed list of requested amendments approved is attached as Appendix C.

Farmers” program. These funds would used to teach farmers how to effectively use computer technology to keep financial records, keep inventory and livestock records, do research and marketing on the Internet, communicate through E-mail, and other general computer functions. Mr. Yates reviewed the proposed terms and conditions for the project.

Bruce Metzger, KCTCS, provided the Board additional information about the program.

Mr. Case moved that **A2005-0542 be approved for \$182,500 in state funds**, contingent on receiving matching federal funds; Mr. Dick seconded the motion. The motion passed without dissent.

Recommendations for No Funding

No recommendations for “No Funding” were presented.

Other Business

No other business was presented.

Closing Remarks

The next meeting of the Kentucky Agricultural Development Board will convene at 9:30 a.m. EST on Friday, December 16, 2005 at the Franklin County Cooperative Extension Office in Frankfort. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

The meeting adjourned at 3:05 p.m.

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____

APPENIDIX A: *New Applications for Referral*

<i>Appl #</i>	<i>Project Name</i>	<i>Project Type</i>
A2005-0554	Jackson Purchase Resource Conservation and Development Foundation, Inc.	Hay, Straw, & Commodity Storage
A2005-0555	Hart County Cattlemen's Association, Inc.	Dairy Diversification
A2005-0556	Tim's Cattle Hoof Trimming	Project
A2005-0557	Harrison County Beef Cattle Association, Inc.	Shared-use Equipment
A2005-0558	Harrison County Beef Cattle Association, Inc.	Timber Production, Marketing & Utilization
A2005-0559	Bullitt County Cattlemen's Association, Inc.	Cattle Genetics Improvement
A2005-0560	Bullitt County Cattlemen's Association, Inc.	Farm Livestock Fencing Improvement
A2005-0561	Bullitt County Cattlemen's Association, Inc.	Cattle Handling Facilities
A2005-0562	Bullitt County Cattlemen's Association, Inc.	Forage Improvement & Utilization
A2005-0563	Nicholas County Fiscal Court	On-farm Water Enhancement
A2005-0564	Lewis County Conservation District	Agricultural Diversification
A2005-0565	Hopkins County Livestock Association, Inc.	Forage Improvement & Utilization
A2005-0566	Campbell County Cattle Association, Inc.	Farm Livestock Fencing Improvement
A2005-0567	Russell County Cattlemen's Association, Inc.	Project
A2005-0568	Beef Improvement Council, Inc.	Forage Improvement & Utilization
A2005-0569	Breckinridge County Conservation District	On-farm Water Enhancement
A2005-0570	Breckinridge County Conservation District	Forage Improvement & Utilization
A2005-0571	Grayson County Conservation District	Shared-use Equipment
A2005-0572	Grayson County Conservation District	Forage Improvement & Utilization
A2005-0573	Butler County Aquiculture Industry Team, Inc.	Agricultural Diversification
A2005-0574	Bracken County Agricultural Advancement Council, Inc.	Farm Livestock Fencing Improvement

APPENIDIX A: *New Applications for Referral*

<i>Appl #</i>	<i>Project Name</i>	<i>Project Type</i>
A2005-0575	Bluegrass BioEnergy, LLC	Project
A2005-0576	Buffalo Trace Area Development District	Farm Livestock Fencing Improvement
A2005-0577	Jackson Purchase Resource Conservation and Development Foundation, Inc.	Technology
A2005-0578	Jackson Purchase Resource Conservation and Development Foundation, Inc.	Project
A2005-0579	Jackson Purchase Resource Conservation and Development Foundation, Inc.	Hay, Straw, & Commodity Storage
A2005-0580	Jackson Purchase Resource Conservation and Development Foundation, Inc.	Cattle Handling Facilities
A2005-0581	Jackson Purchase Resource Conservation and Development Foundation, Inc.	Technology
A2005-0582	Nicholas County Fiscal Court	Agricultural Diversification
A2005-0583	Nicholas County Fiscal Court	Hay, Straw, & Commodity Storage
A2005-0584	Nicholas County Fiscal Court	Farm Livestock Fencing Improvement
A2005-0585	Breathitt County Conservation District	Forage Improvement & Utilization
A2005-0586	Breathitt County Conservation District	Farm Livestock Fencing Improvement
A2005-0587	Breathitt County Conservation District	Agricultural Diversification
A2005-0588	Washington County Cattlemen Association, Inc.	Forage Improvement & Utilization
A2005-0589	Allen County Extension District Board	Project
A2005-0590	Gallatin County Livestock Association, Inc.	Project
A2005-0591	Jackson County Cattlemen's Association, Inc.	Project
A2005-0592	Breathitt County Conservation District	Project
A2005-0593	Fire on The Ridge Farm, LLC	Project
A2005-0594	Barren River Area Development District	Hay, Straw, & Commodity Storage
A2005-0595	Ohio County Conservation District	Hay, Straw, & Commodity Storage
A2005-0596	Owensboro Grain Company, LLC	Project

APPENIDIX B: Model Program Lists**Agricultural Diversification**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0587	Breathitt County Conservation District	Breathitt	\$15,750.00
A2005-0573	Butler County Aquiculture Industry Team,	Grayson	\$5,000.00
A2005-0564	Lewis County Conservation District	Lewis	\$50,000.00
A2005-0582	Nicholas County Fiscal Court	Nicholas	\$12,000.00
			\$82,750.00

Cattle Genetics Improvement

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0559	Bullitt County Cattlemen's Association, Inc	Bullitt	\$10,000.00
A2005-0543	LaRue County Beef Cattle Association, Inc	Larue	\$50,000.00
A2005-0548	Whitley Co. Cattlemen's Association, Inc.	Whitley	\$20,000.00
			\$80,000.00

Cattle Handling Facilities

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0561	Bullitt County Cattlemen's Association, Inc	Bullitt	\$10,207.00
A2005-0544	LaRue County Beef Cattle Association, Inc	Larue	\$50,000.00
A2005-0580	Jackson Purchase Resource Conservation	McCracken	\$7,000.00
			\$67,207.00

Dairy Diversification

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0555	Hart County Cattlemen's Association, Inc.	Hart	\$100,000.00
			\$100,000.00

Farm Livestock Fencing Improvement

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0574	Bracken County Agricultural Advancement	Bracken	\$117,212.00
A2005-0586	Breathitt County Conservation District	Breathitt	\$42,000.00
A2005-0560	Bullitt County Cattlemen's Association, Inc	Bullitt	\$25,000.00
A2005-0566	Campbell County Cattle Association, Inc.	Campbell	\$7,410.00
A2005-0576	Buffalo Trace Area Development District	Fleming	\$65,000.00
A2005-0545	LaRue County Beef Cattle Association, Inc	Larue	\$30,000.00
A2005-0584	Nicholas County Fiscal Court	Nicholas	\$174,720.00
			\$461,342.00

Forage Improvement & Utilization

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0585	Breathitt County Conservation District	Breathitt	\$15,750.00
A2005-0570	Breckinridge County Conservation District	Breckinridge	\$40,000.00
A2005-0568	Beef Improvement Council, Inc.	Breckinridge	\$40,000.00
A2005-0562	Bullitt County Cattlemen's Association, Inc	Bullitt	\$19,000.00
A2005-0572	Grayson County Conservation District	Grayson	\$40,000.00
A2005-0565	Hopkins County Livestock Association, Inc	Hopkins	\$10,000.00
A2005-0588	Washington County Cattlemen Association,	Washington	\$16,000.00
			\$180,750.00

Hay, Straw, & Commodity Storage

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0579	Jackson Purchase Resource Conservation	Calloway	\$21,050.00
A2005-0554	Jackson Purchase Resource Conservation	McCracken	\$70,000.00
A2005-0583	Nicholas County Fiscal Court	Nicholas	\$104,000.00
			\$195,050.00

APPENIDIX B: Model Program Lists**On-farm Water Enhancement**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0569	Breckinridge County Conservation District	Breckinridge	\$40,000.00
A2005-0563	Nicholas County Fiscal Court	Nicholas	\$25,000.00
			\$65,000.00

Shared-use Equipment

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0571	Grayson County Conservation District	Grayson	\$9,928.00
A2005-0557	Harrison County Beef Cattle Association, I	Harrison	\$4,150.00
			\$14,078.00

Technology

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0577	Jackson Purchase Resource Conservation	Graves	\$53,674.00
A2005-0581	Jackson Purchase Resource Conservation	McCracken	\$20,523.00
			\$74,197.00

Timber Production, Marketing & Utilization

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0558	Harrison County Beef Cattle Association, I	Harrison	\$5,250.00
			\$5,250.0

APPENIDIX C: Requested Amendments

App # **A2005-0259**
Applicant Name **Hardin County Cattlemen's Association, Inc.**
Amount Approved \$82,990.00
Date June 17, 2005
Requested Change The applicant requests an additional \$39,697.00 for their PROJECT: Menu Approach to Model Programs. The request received a High priority from the Hardin County Council. The terms of the original agreement shall remain the same. Approval of this request would bring the program total to \$122,687.00.
Recommendation Approval

App # **A2005-0263**
Applicant Name **Jackson Purchase RC&D Foundation, Inc.**
Amount Approved \$78,750.00
Date June 17, 2005
Requested Change The applicant requests an additional \$65,000.00 for the *Farm Livestock Fencing Program* in Ballard County. The request received a High priority from the Ballard County Council. The term of the project shall remain 18-months from the execution date of the original agreement. Approval of this request would bring the program total to \$143,750.00.
Recommendation Approval

App # **A2005-0265**
Applicant Name **Rowan County Fiscal Court**
Amount Approved \$20,000.00
Date June 17, 2005
Requested Change The applicant requests an additional \$12,813.00 for the *Cattle Handling Facilities Program* in Rowan County. The request received a High priority from the Rowan County Council. The term of the project shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the program total to \$32,813.00.
Recommendation Approval

App # **A2005-0433**
Applicant Name **Spencer County Farm Bureau**
Amount Approved \$52,500.00
Date August 19, 2005
Requested Change The applicant requests an additional \$25,200.00 for the *Hay, Straw, & Commodity Storage Program* in Spencer County. The request received a High priority from the Spencer County Council. The term of the project shall remain 18-months from the execution date of the original agreement. Approval of this request would bring the program total to \$77,700.00.
Recommendation Approval

App #	A2005-0430
Applicant Name	Spencer County Farm Bureau
Amount Approved	\$42,000.00
Date	August 19, 2005
Requested Change	The applicant requests an additional \$473.00 for the <i>Cattle Handling Facilities Program</i> in Spencer County. The request received a High priority from the Spencer County Council. The term of the project shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the program total to \$42,473.00.
Recommendation	Approval

App #	A2004-0322
Applicant Name	Buffalo Trace Area Development District (Fleming Co.)
Amount Approved	\$125,000.00
Date	July 15, 2004
Requested Change	Staff requests a <u>decrease</u> of \$65,000.00 for the Farm Livestock Fencing Program in Fleming County. The applicant intended for their \$65,000 request to receive a new number and agreement, rather than be an amendment to this program (10/21/2005). Approval of this request adjusts this program back to the original program amount of \$60,000.
Recommendation	Approval

App #	A2004-0275
Applicant Name	Buffalo Trace Area Development District (Robertson Co.)
Amount Approved	\$205,000.00
Date	July 15, 2005 (amended 10/21/2005)
Requested Change	Staff requests a <u>decrease</u> of \$40,000.00 for the Hay Handling PROJECT in Robertson County. The applicant did not execute an amendment for the \$40,000 addition approved in June (6/17/2005), and made another request in October, which was also approved, in lieu of the June request. Approval of this request adjusts this program to the \$165,000.
Recommendation	Approval